

FIREFIGHTER

Pensions Special November 2005

THE GREAT PENSIONS ROBBERY

The pension rights of the majority of workers in the UK are under attack – unless of course you're a Judge, MP or business 'fat cat'!

For years the private sector has been ripping off its workers by eating away at their entitlements and ending their final salary schemes. Now the government is intent on attacking the pensions of all public sector workers as well as eroding the state pension still further for millions of UK pensioners.

So what is behind this blatant theft?

The government tells us we are living too long - which surely ought to be a cause for celebration! However, it seems Chancellor Gordon Brown believes that this is a problem because we are now drawing pension payments for longer and the UK - the 4th richest country in



General Secretary Matt Wrack says.

The attack on public sector pensions is a disgrace. Politicians seem well able to look after themselves and their own pensions but want to tighten everyone else's belts. FBU and other public sector workers members have the right to enjoy a decent and full retirement. The Government has not made the case for their proposals not have they considered all the options. It seems that they have reached their conclusion first and then attempted to come up with the arguments.

I urge all members to attend the meetings we are holding across the UK on the issue of pensions. Make sure that you discuss the issue with your colleagues through your branch meetings. We will ensure that all members are fully consulted on the important decisions we may face in the coming months.

the world - cannot afford the public sector pension bill so he wants everybody to work longer.

It is easy to calculate the amount of money the treasury will be able to shave off if they can make five million public sector workers contribute into their pension schemes for an extra five years before becoming eligible to claim it.

Pensions are basically deferred wages and each person affected will lose five years of occupational pensionable pay. Multiply that by

five million and you get an incredible 100 billion pounds stolen from public sector workers across the UK by the government.

A cut in your pension means a life-long cut in your pay! The changes to your pension, your partner's pension and the State Pension would mean poverty in old age for you and your whole family.

You will have read in previous 'FireFighter Pension's Specials' that the Office of the Deputy Prime Minister (ODPM) is planning to change the pension arrangements for existing members of the Local Government Pension Scheme (LGPS), and introduce a totally new LGPS. They are also proposing to change the pension's arrangements of existing firefighters and introduce a new scheme for those joining



HANDS OFF OUR PENSIONS!



the service because, they claim, the current Firefighters' Pension Scheme (FPS) is too generous, too expensive and too inflexible.

The new FPS comes into force in 2006, with the new LGPS coming into force in 2008. The government claim that these changes are required to ensure the two scheme's affordability and sustainability.

Various governments have not always thought that our schemes were such a burden on the chancellor's purse strings. It is worth remembering that for decades there was a huge credit surplus between the contributions workers paid in, and the pensions that our employers had to pay out.

But rather than invest those decades of credit in a pension fund for the future, our fire authorities spent our contributions almost as fast as we paid them in - ironically, many of the fire stations we work in were paid for by our own pension contributions! Now that's what you could call generous!!

It is not our pension scheme entitlements that have caused the Government problems, and their problem is not of our making.

No, the simple truth is that decades of fire authority pension mismanagement and Government inaction are to blame for the current crisis - but now they want to blame and pass their problem back to us.

In a speech to this year's TUC, Adair Turner, Chair of the Pensions Commission, gave no details of what his Commission will recommend when it reports on 30th November. Given he is a former head of the Confederation of British Industry it is likely to be very "business friendly".

But he did give some strong hints on some issues. Also

instructive is what he left out!

There was no hint of a criticism of how past pensions policy may have contributed to the current position. Throughout the 80's pension schemes, then in surplus, were forced to reduce those surpluses and many took contribution "holidays". Turner had not a word to say.

Most of the 90's saw significant increases in stock markets where most pension funds were invested. Again, this tempted many into thinking these increases would be never ending - pension funds saw huge surpluses.

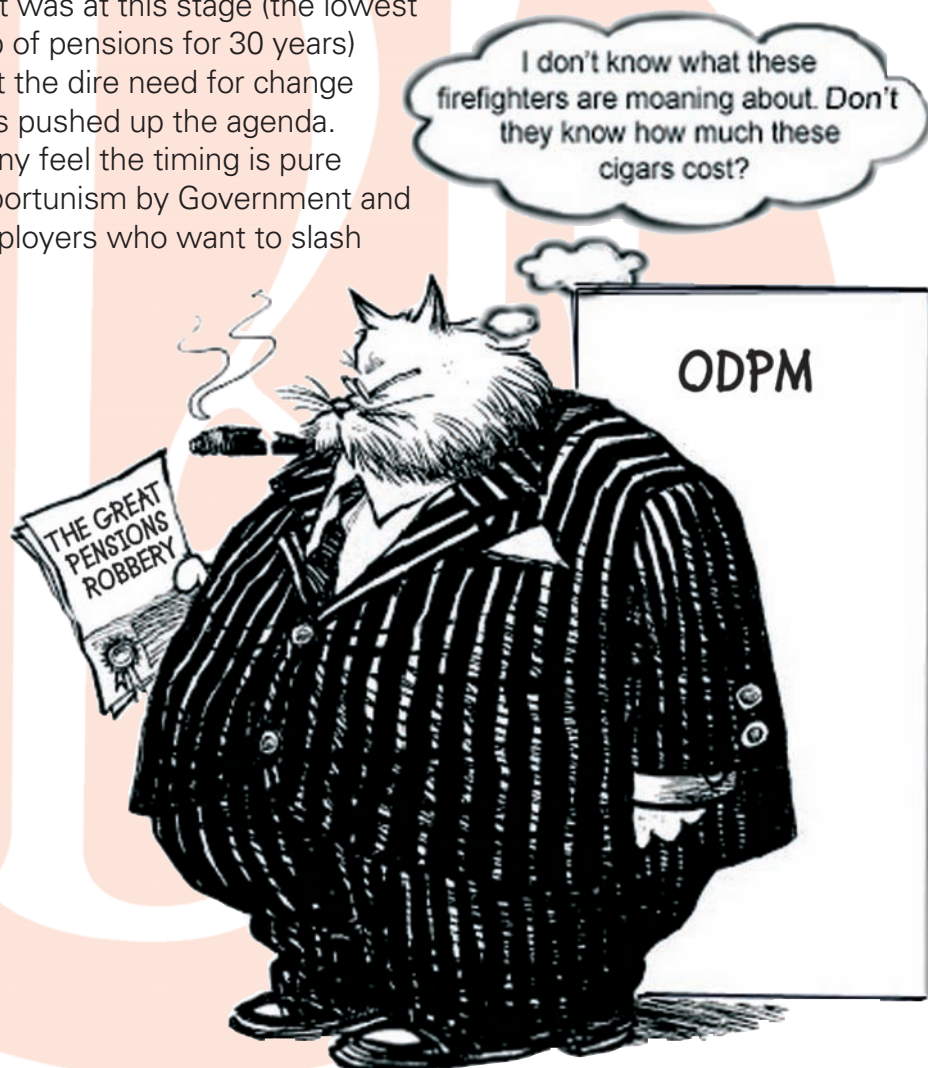
The slow stock market crash from January 2000 onwards saw those surpluses wiped out and ushered in the current large - sometimes huge deficits. Stock market dependant pensions had gone from temporary boom, boom to quick bust.

It was at this stage (the lowest ebb of pensions for 30 years) that the dire need for change was pushed up the agenda. Many feel the timing is pure opportunism by Government and employers who want to slash

their contribution towards pensions. Like the Government's rhetoric, Turner's speech was loaded with "demographic" change, the aging population and the ratio of those in work to those drawing a pension. This meant, he claimed, that only a mix of four things could happen.

- Pensioners will get poorer relative to average earnings;
- Taxes or national insurance contributions will rise;
- The amount of money going into private pension funds must rise at the expense of cash wages;
- Average retirement ages and pension ages must rise.

Part of the trade off between those four "will be made and should be made by individuals". He said the Pension Commission wanted no limit set as to when an individual must retire. Those in the state pension system faced a



three-way tradeoff: less benefits relative to average earnings; higher taxes or higher pension ages.

In the private sector many employers, he said, saw no business case for providing a pension "for reasons of social responsibility". Many businesses also thought "that pension promises - deferred pay - don't bring them as much bang for their buck in recruitment and retention as cash wages."

Fact file:

- There was a failure to invest past contributions, with the use of those funds for current expenses - there are parallels with the private sector raids on pension funds in surplus combined with pension contribution holidays and then leaving workers to take the hit when funds are in deficit.
- Successive governments have failed to act promptly. None of the factors now operating are new. Life expectancy etc., have changed gradually so why have firefighters until recently been joining the fire service on a promise of a pension after 30 years? A classic case of inaction followed panic reaction.
- This government are now employing standard 'divide and rule' tactics to offer different schemes to new recruits and current members, and dividing current members with different rules depending on length of service. Existing members should expect a future attack to level them down with the new system. Classic employer's strategy with a two tier

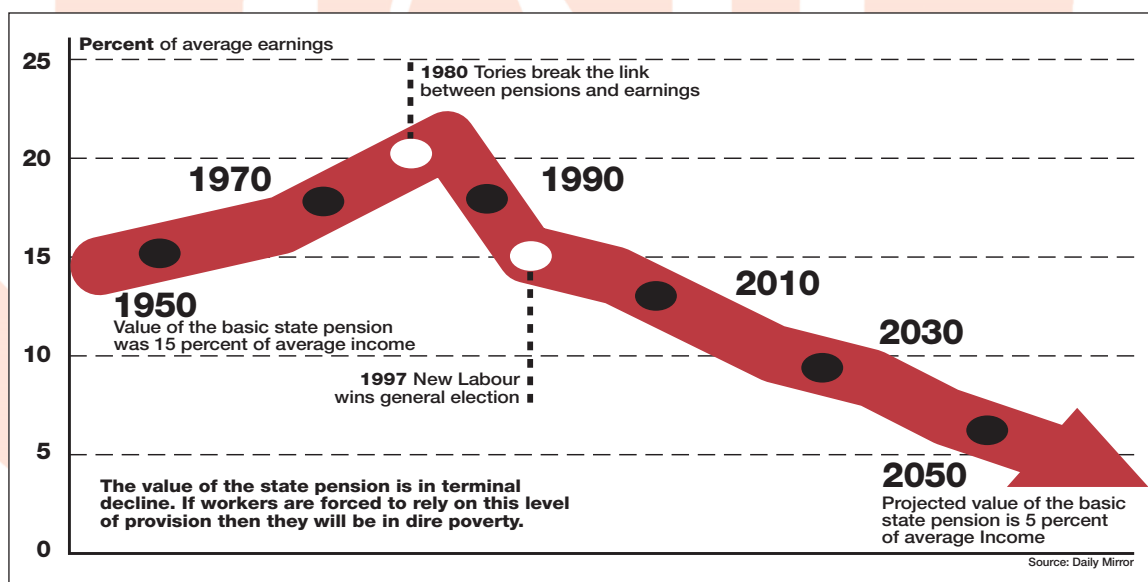
system leveled down at a later stage.

- There is continued discrimination against firefighters (control) and firefighters working the Retained duty system being able to join the current scheme. Why have the employer's fought the Retained case to the House of Lords when it simply seeks equality for Retained members?
- The first stage of the pensions attack came with the amendments in 2004 to ill health retirement rules. Brigades are now able to avoid ill health retirement by transferring members to non-operational jobs with no prospects. This has resulted in the overturning of an FBU legal victory.
- Some brigades are now even suggesting moving members to non-uniformed jobs on lower pay! Any such moves will be fought. Even the ODPM chair of the Pension Committee agreed that was not the intention of the amendments!
- Some brigades, such as London, are abusing the

system by refusing to retire on health grounds for years and reducing members to half pay then nil pay whilst awaiting the decision. Offers of non operational jobs are not made until long after the member is on reduced/nil pay. There is no structured use of temporary non-operational roles pending recovery or medical decision.

- There has been the introduction of 'independent' medical advisors to cut down on ill health and injury awards. Combined with 'independent' medical appeals panels (contracted by ODPM), the system is stacked against members. So content are ODPM with their decisions that the rules were changed to overturn an FBU legal victory and allow medical appeal panels (consisting of doctors) to make decisions on non-medical matters.

"This government's attack on millions of workers pensions is indicative of how out of touch with reality ministers have become – the ethos of 'billions for bombs, peanuts for pensions' about sums it up." – Graham Noakes, Region 9 Secretary



HEROES NOT VILLAINS

"Yet again firefighters and emergency fire control operators find ourselves having to defend against a so called Labour Government, astonishingly it is our pensions they are attacking this time. It would be a little more understandable, but equally abhorrent, if the attack was coming from a Conservative Government, but the current Government seem less interested in public service worker rights than any before. Pensions are deferred pay, our pay, and any attack on our pensions must be met with determination and unity and ultimately, if necessary, industrial action. FBU members do not want to take strike action, but we are resolute in defending against this outrage."

**Les Skarratts,
Brigade Secretary, Merseyside**

"As deals are being done with other Unions (teachers, civil servants etc) it is becoming clear that the Governments understanding does not extend to Firefighters and Emergency Fire Control staff, heroes again on the 7th of July 2005, villains again for living too long after retirement. We only ask for fairness, not favours, just fairness. My pension is my deferred pay and no one should have the right to take that away. We must unite and fight or forever hold our heads in shame."

**John Docherty,
Firefighter, White watch,
Yorkhill, Glasgow.**



solve a problem they helped to create."

Paul Woolstenholmes
National Officer, Pensions

**FANCY A
PAY
CUT?**

thought not...

"State pensions for some of our European neighbours are worth between 70% and 95% of those country's average earnings. Recent figures for the UK put the state pension at around 14% of average earnings! This means a fifth of UK pensioners – over two million people – are living below the poverty line. The government's intention is to watch that number go through the roof. They no longer believe in the 'cradle to grave' ethos, now it is a 'work till you drop' mentality being used to

What you can do:

- **Keep up to date and attend branch meetings.**
- **Ensure the issue of pensions is on the agenda of all meetings.**
- **Set up a branch campaign group to lobby branch member MP, at local level.**
- **Elect a brigade pensions contact for your branch.**
- **Assist us in lobbying MP's to stop cuts to the pension scheme at national level.**
- **Be prepared to work with and support other public service unions in their campaigns to stop cuts to their pension schemes.**

HANDS OFF OUR PENSIONS X